

July 31, 2018



Huntsman Announces Strong and Consistent Growth in Second Quarter 2018 Earnings

THE WOODLANDS, Texas, July 31, 2018 /PRNewswire/ --

Second Quarter 2018 Highlights

- Net income was \$623 million compared to \$183 million in the prior year period and \$350 million in the prior quarter.
- Adjusted EBITDA was \$415 million compared to \$299 million in the prior year period and \$405 million in the prior quarter.
- Diluted income per share was \$1.71 compared to \$0.69 in the prior year period and \$1.11 in the prior quarter.
- Adjusted diluted income per share was \$1.01 compared to \$0.59 in the prior year period and \$0.96 in the prior quarter.
- Net cash provided by operating activities was \$228 million. Free cash flow generation was \$174 million.
- Balance sheet remains strong with a net leverage of 1.4x.
- Completed cumulative share repurchases of approximately \$138 million through end of second quarter 2018.

| In millions, except per share amounts | Three months ended | | Six months ended | | |
|--|--------------------|-----------|------------------|----------|----------|
| | June 30, | March 31, | June 30, | June 30, | |
| | 2018 | 2017 | 2018 | 2017 | |
| Revenues | \$ 2,404 | \$ 2,054 | \$ 2,295 | \$4,699 | \$ 3,986 |
| Net income | \$ 623 | \$ 183 | \$ 350 | \$ 973 | \$ 275 |
| Adjusted net income ⁽¹⁾ | \$ 246 | \$ 144 | \$ 237 | \$ 483 | \$ 254 |
| Diluted income per share | \$ 1.71 | \$ 0.69 | \$ 1.11 | \$ 2.82 | \$ 1.00 |
| Adjusted diluted income per share ⁽¹⁾ | \$ 1.01 | \$ 0.59 | \$ 0.96 | \$ 1.98 | \$ 1.04 |
| Adjusted EBITDA ⁽¹⁾ | \$ 415 | \$ 299 | \$ 405 | \$ 820 | \$ 559 |
| Net cash provided by operating activities | | | | | |
| from continuing operations | \$ 228 | \$ 207 | \$ 111 | \$ 339 | \$ 277 |
| Free cash flow ⁽²⁾ | \$ 174 | \$ 154 | \$ 56 | \$ 230 | \$ 177 |

See end of press release for footnote explanations

Huntsman Corporation (NYSE: HUN) today reported second quarter 2018 results with revenues of \$2,404 million, net income of \$623 million and adjusted EBITDA of \$415 million.

Peter R. Huntsman, Chairman, President and CEO, commented:

"We had a strong second quarter that is wholly in line with the outlook we shared at our recent Investor Day, which focused on the opportunity for significant value creation. Our Polyurethanes business continues its growth in variants and systems and enjoys the backdrop of good supply and demand fundamentals, foreseeable for the long term. We completed our multiyear scheduled turnaround in Performance Products and each of our divisions continues to see a positive outlook. We delivered strong free cash flow and our balance sheet remains solidly within investment grade metrics. We are committed to our balanced approach of delivering core growth and executing on sensible opportunities in our downstream businesses, share buybacks, and creating overall strong returns for shareholders."

Segment Analysis for 2Q18 Compared to 2Q17

Polyurethanes

The increase in revenues in our Polyurethanes segment for the three months ended June 30, 2018 compared to the same period of 2017 was due to higher average selling prices and higher sales volumes. MDI average selling prices increased in response to continued strong market conditions. MTBE average selling prices increased primarily as a result of higher pricing for high octane gasoline. MDI sales volumes increased due to increased demand across most major markets. MTBE sales volumes increased due to the impact of maintenance outages during the second quarter of 2017. The increase in segment adjusted EBITDA was primarily due to higher MDI and MTBE margins.

Performance Products

The increase in revenues in our Performance Products segment for the three months ended June 30, 2018 compared to the same period of 2017 was due to higher average selling prices, partially offset by lower sales volumes. Average selling prices increased primarily due to strong market conditions across several of our derivatives businesses and in response to higher raw materials costs. Sales volumes decreased primarily due to the impact of the planned maintenance outage at our Port Neches, Texas facility in the second quarter of 2018, partially offset by higher sales volumes in certain of our specialty amines and maleic anhydride businesses. The decrease in segment adjusted EBITDA was primarily due to lower sales volumes and higher fixed costs attributed to the planned maintenance outage, partially offset by stronger glycol market conditions within intermediates.

Advanced Materials

The increase in revenues in our Advanced Materials segment for the three months ended June 30, 2018, compared to the same period in 2017 was due to higher sales volumes and

higher average selling prices. Sales volumes increased across most markets in our core specialty business, but were partially offset by lower sales volumes in our wind market due to challenging industry conditions. Average selling prices increased in response to higher raw material costs and the impact of a weaker U.S. dollar against major international currencies. The increase in segment adjusted EBITDA was primarily due to higher specialty sales volumes, partially offset by higher raw material and fixed costs.

Textile Effects

The increase in revenues in our Textile Effects segment for the three months ended June 30, 2018 compared to the same period of 2017 was due to higher sales volumes and higher average selling prices. Sales volumes increased across most regions. Average selling prices increased in response to higher raw material costs and the impact of a weaker U.S. dollar against major international currencies. The increase in segment adjusted EBITDA was primarily due to higher sales volumes and higher average selling prices, partially offset by higher raw material costs.

Corporate, LIFO and other

For the three months ended June 30, 2018, segment adjusted EBITDA from Corporate and other for Huntsman Corporation increased \$11 million to a loss of \$39 million from a loss of \$50 million in the same period in 2017, primarily due to a LIFO inventory valuation benefit.

Venator

Our former Pigments and Additives segment, now known as Venator, remains classified as held for sale on our balance sheet and treated as discontinued operations on our income statement. Huntsman currently owns 53% of Venator's outstanding shares.

Liquidity, Capital Resources and Outstanding Debt

During the quarter we generated free cash flow of \$174 million compared to \$154 million a year ago. As of June 30, 2018, we had \$1,459 million of combined cash and unused borrowing capacity compared to \$1,247 million as of December 31, 2017. On May 21, 2018, we entered into a new \$1.2 billion unsecured revolving credit facility that replaced our senior secured credit facility.

During the three months ended June 30, 2018, we spent \$54 million on capital expenditures compared to \$50 million in the same period of 2017. We expect to spend approximately \$325 million on capital expenditures in 2018.

Through the end of the second quarter 2018, we have spent approximately \$138 million to repurchase approximately 4.6 million shares. As of the end of the second quarter 2018 we have approximately \$862 million remaining on our existing multiyear share repurchase authorization.

Income Taxes

During the three months ended June 30, 2018, we recorded income tax expense of \$4 million compared to \$24 million during the same period in 2017. In the second quarter 2018, our adjusted effective tax rate was 18%. We expect our 2018 adjusted effective tax rate will

be approximately 20% - 22%. We expect our long-term adjusted effective tax rate will be approximately 23% - 25%.

Earnings Conference Call Information

We will hold a conference call to discuss our second quarter 2018 financial results on Tuesday, July 31, 2018 at 11:00 a.m. ET.

Call-in numbers for the conference call:
U.S. participants (888) 680 - 0878
International participants (617) 213 - 4855
Passcode 445 723 85#

In order to facilitate the registration process, you may use the following link to pre-register for the conference call. Callers who pre-register will be given a unique PIN to gain immediate access to the call and bypass the live operator. You may pre-register at any time, including up to and after the call start time. To pre-register, please go to:

<https://www.theconferencingservice.com/prereg/key.process?key=PUEAXYC3M>

Webcast Information

The conference call will be available via webcast and can be accessed from the company's website at ir.huntsman.com.

Replay Information

The conference call will be available for replay beginning July 31, 2018 and ending August 7, 2018.

Call-in numbers for the replay:
U.S. participants (888) 286 - 8010
International participants (617) 801 - 6888
Replay code 29385180

Upcoming Conferences

During the third quarter 2018 a member of management is expected to present at:

Jefferies Global Industrials Conference on August 7, 2018
UBS Global Chemicals & Paper and Packaging Conference on September 5, 2018
RBC Capital Markets Industrials Conference on September 6, 2018

A webcast of the presentation, if applicable, along with accompanying materials will be available at ir.huntsman.com.

Table 1 – Results of Operations

| | Three months ended | | Six months ended | |
|---------------------------------------|--------------------|------|------------------|------|
| | June 30, | | June 30, | |
| In millions, except per share amounts | 2018 | 2017 | 2018 | 2017 |

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Revenues | \$2,404 | \$2,054 | \$4,699 | \$3,986 |
| Cost of goods sold | 1,849 | 1,618 | 3,604 | 3,160 |
| Gross profit | 555 | 436 | 1,095 | 826 |
| Operating expenses | 254 | 220 | 496 | 439 |
| Restructuring, impairment and plant closing costs | 1 | 3 | 3 | 12 |
| Expenses associated with the merger | 1 | 6 | 1 | 6 |
| Operating income | 299 | 207 | 595 | 369 |
| Interest expense | (29) | (47) | (56) | (95) |
| Equity in income of investment in unconsolidated affiliates | 18 | 3 | 31 | 3 |
| Loss on early extinguishment of debt | (3) | (1) | (3) | (1) |
| Other income, net | 8 | - | 15 | 4 |
| Income before income taxes | 293 | 162 | 582 | 280 |
| Income tax expense | (4) | (24) | (57) | (43) |
| Income from continuing operations | 289 | 138 | 525 | 237 |
| Income from discontinued operations, net of tax ⁽³⁾ | 334 | 45 | 448 | 38 |
| Net income | 623 | 183 | 973 | 275 |
| Net income attributable to noncontrolling interests, net of tax | (209) | (16) | (285) | (32) |
| Net income attributable to Huntsman Corporation | <u>\$ 414</u> | <u>\$ 167</u> | <u>\$ 688</u> | <u>\$ 243</u> |

| | | | | |
|--|--------|--------|--------|--------|
| Adjusted EBITDA⁽¹⁾ | \$ 415 | \$ 299 | \$ 820 | \$ 559 |
| Adjusted net income⁽¹⁾ | \$ 246 | \$ 144 | \$ 483 | \$ 254 |

| | | | | |
|--|---------|---------|---------|---------|
| Basic income per share | \$ 1.73 | \$ 0.70 | \$ 2.87 | \$ 1.02 |
| Diluted income per share | \$ 1.71 | \$ 0.69 | \$ 2.82 | \$ 1.00 |
| Adjusted diluted income per share⁽¹⁾ | \$ 1.01 | \$ 0.59 | \$ 1.98 | \$ 1.04 |

Common share information:

| | | | | |
|--|-----|-----|-----|-----|
| Basic weighted average shares | 239 | 238 | 240 | 238 |
| Diluted weighted average shares | 243 | 244 | 244 | 243 |
| Diluted shares for adjusted diluted income per share | 243 | 244 | 244 | 243 |

See end of press release for footnote explanations

Table 2 – Results of Operations by Segment

| In millions | Three months ended | | Better / (Worse) | Six months ended | | Better (Worse) |
|--------------------------|--------------------|------------------|---------------------|------------------|------------------|-------------------|
| | June 30, 2018 | June 30, 2017 | | June 30, 2018 | June 30, 2017 | |
| Segment Revenues: | | | | | | |
| Polyurethanes | \$ 1,313 | \$ 1,022 | 28% | \$ 2,535 | \$ 1,975 | 28% |
| Performance Products | 593 | 561 | 6% | 1,196 | 1,094 | 9% |
| Advanced Materials | 292 | 260 | 12% | 571 | 519 | 10% |
| Textile Effects | 227 | 205 | 11% | 427 | 393 | 9% |

| | | | | | | |
|---|-----------------|-----------------|------|-----------------|-----------------|-----|
| Corporate and eliminations | (21) | 6 | n/m | (30) | 5 | n/i |
| Total | \$ 2,404 | \$ 2,054 | 17% | \$ 4,699 | \$ 3,986 | 18% |
| Segment Adjusted EBITDA⁽¹⁾: | | | | | | |
| Polyurethanes | \$ 269 | \$ 167 | 61% | \$ 530 | \$ 311 | 70% |
| Performance Products | 94 | 102 | (8)% | 196 | 186 | 5% |
| Advanced Materials | 62 | 56 | 11% | 121 | 110 | 10% |
| Textile Effects | 29 | 24 | 21% | 55 | 45 | 22% |
| Corporate, LIFO and other | (39) | (50) | 22% | (82) | (93) | 12% |
| Total | \$ 415 | \$ 299 | 39% | \$ 820 | \$ 559 | 47% |

n/m = not meaningful

See end of press release for footnote explanations

Table 3 – Factors Impacting Sales Revenue

| | Three months ended June 30, 2018 vs. 2017 | | | | |
|----------------------------------|--|------------------|----------------------|--------------------------------|---------------|
| | Average Selling Price ^(a) | | Sales Mix & Other | Sales Volume ^(b) | Total |
| | Local Currency | Exchange Rate | | | |
| Polyurethanes | 10% | 4% | 0% | 14% | 28% |
| <i>Polyurethanes, adj</i> | 10% | 4% | 5% | 6% | 25% (c)(d) |
| Performance Products | 4% | 3% | 5% | (6)% | 6% |
| <i>Performance Products, adj</i> | 4% | 3% | 4% | (3)% | 8% (c)(e) |
| Advanced Materials | 4% | 4% | 2% | 2% | 12% |
| Textile Effects | 3% | 3% | (1)% | 6% | 11% |
| Total Company | 6% | 4% | 1% | 6% | 17% |
| <i>Total Company, adj</i> | 7% | 4% | 2% | 3% | 16% (c)(d)(e) |
| | Six months ended June 30, 2018 vs. 2017 | | | | |
| | Average Selling Price ^(a) | | Sales Mix & Other | Sales Volume ^(b) | Total |
| | Local Currency | Exchange Rate | | | |
| Polyurethanes | 12% | 5% | (1)% | 12% | 28% |
| <i>Polyurethanes, adj</i> | 12% | 5% | 1% | 8% | 26% (c)(d) |
| Performance Products | 5% | 3% | 0% | 1% | 9% |
| <i>Performance Products, adj</i> | 6% | 3% | (1)% | 2% | 10% (c)(e) |
| Advanced Materials | 3% | 6% | 2% | (1)% | 10% |
| Textile Effects | 1% | 3% | 1% | 4% | 9% |
| Total Company | 7% | 5% | (1)% | 7% | 18% |
| <i>Total Company, adj</i> | 7% | 5% | (1)% | 6% | 17% (c)(d)(e) |

- (a) Excludes sales from tolling arrangements, by-products and raw materials.
(b) Excludes sales from by-products and raw materials.
(c) Pro forma adjusted to exclude the impact from maintenance outages in 2Q17.
(d) Pro forma adjusted to exclude the impact from unplanned outages in 2Q18 at Rotterdam onset by third party constraints.
(e) Pro forma adjusted to exclude the impact from maintenance outages in 2Q18.

Table 4 – Reconciliation of U.S. GAAP to Non-GAAP Measures

| In millions, except per share amounts | EBITDA | | Income |
|---|--------------------|---------------|--------------------|
| | Three months ended | | (Expense) |
| | June 30, | | Three months ended |
| | 2018 | 2017 | June 30, 2018 |
| Net income | \$ 623 | \$ 183 | |
| Net income attributable to noncontrolling interests | (209) | (16) | |
| Net income attributable to Huntsman Corporation | 414 | 167 | |
| Interest expense from continuing operations | 29 | 47 | |
| Interest expense from discontinued operations ⁽³⁾ | 11 | - | |
| Income tax expense from continuing operations | 4 | 24 | \$ (4) |
| Income tax expense from discontinued operations ⁽³⁾ | 84 | 21 | |
| Depreciation and amortization from continuing operations | 83 | 79 | |
| Depreciation and amortization from discontinued operations ⁽³⁾ | - | 29 | |
| Acquisition and integration expenses and purchase accounting adjustments | 7 | 4 | (2) |
| EBITDA / Income from discontinued operations, net of tax ⁽³⁾ | (429) | (95) | N/A |
| Noncontrolling interest of discontinued operations ⁽¹⁾⁽³⁾ | 188 | 3 | N/A |
| U.S. tax reform impact on tax expense | N/A | N/A | 49 |
| Release of significant income tax valuation allowances (a) | N/A | N/A | (95) |
| Gain on disposition of businesses/assets | - | (8) | - |
| Loss on early extinguishment of debt | 3 | 1 | (1) |
| Expenses associated with merger, net of tax | 1 | 6 | - |
| Certain legal and other settlements and related expenses | 1 | 1 | - |
| Amortization of pension and postretirement actuarial losses | 18 | 17 | (4) |
| Restructuring, impairment and plant closing and transition costs | 1 | 3 | - |
| Adjusted⁽¹⁾ | \$ 415 | \$ 299 | \$ (57) |
| Adjusted income tax expense ⁽¹⁾ | | | |
| Net income attributable to noncontrolling interests, net of tax | | | |
| Noncontrolling interest of discontinued operations ⁽¹⁾⁽³⁾ | | | |
| Adjusted pre-tax income⁽¹⁾ | | | |
| Adjusted effective tax rate⁽⁴⁾ | | | |
| Effective tax rate | | | |

| In millions, except per share amounts | EBITDA | | Income |
|--|--------------------|------------|--------------------|
| | Three months ended | | Expenses |
| | March 31, | | Three months ended |
| | 2018 | | March 2018 |
| Net income | \$ | 350 | |
| Net income attributable to noncontrolling interests | | (76) | |
| Net income attributable to Huntsman Corporation | | 274 | |
| Interest expense from continuing operations | | 27 | |
| Interest expense from discontinued operations ⁽³⁾ | | 9 | |
| Income tax expense from continuing operations | | 53 | \$ (53) |
| Income tax expense from discontinued operations ⁽³⁾ | | 20 | |
| Depreciation and amortization from continuing operations | | 82 | |
| Acquisition and integration expenses and purchase accounting adjustments | | 1 | - |
| EBITDA / Income from discontinued operations, net of tax ⁽³⁾ | | (143) | N/A |
| Noncontrolling interest of discontinued operations ⁽¹⁾⁽³⁾ | | 55 | N/A |
| Certain legal and other settlements and related costs | | 7 | (1) |
| Amortization of pension and postretirement actuarial losses | | 17 | (4) |
| Restructuring, impairment and plant closing and transition costs | | 3 | (1) |
| Adjusted⁽¹⁾ | \$ | 405 | \$ (59) |
| Adjusted income tax expense ⁽¹⁾ | | | |
| Net income attributable to noncontrolling interests, net of tax | | | |
| Noncontrolling interest of discontinued operations ⁽¹⁾⁽³⁾ | | | |
| Adjusted pre-tax income⁽¹⁾ | | | |
| Adjusted effective tax rate⁽⁴⁾ | | | |
| Effective tax rate | | | |

Table 4 – Reconciliation of U.S. GAAP to Non-GAAP Measures (cont.)

| In millions, except per share amounts | EBITDA | | Income Tax | |
|--|------------------|-------|-------------------|------|
| | Six months ended | | (Expense) Benefit | |
| | June 30, | | Six months ended | |
| | 2018 | 2017 | 2018 | 2017 |
| Net income | \$ | 973 | \$ | 275 |
| Net income attributable to noncontrolling interests | | (285) | | (32) |
| Net income attributable to Huntsman Corporation | | 688 | | 243 |
| Interest expense from continuing operations | | 56 | | 95 |
| Interest expense from discontinued operations ⁽³⁾ | | 20 | | - |

| | | | |
|---|---------------|---------------|-----------------|
| Income tax expense from continuing operations | 57 | 43 | (57) |
| Income tax expense from discontinued operations ⁽³⁾ | 104 | 24 | |
| Depreciation and amortization from continuing operations | 165 | 155 | |
| Depreciation and amortization from discontinued operations ⁽³⁾ | - | 59 | |
| Acquisition and integration expenses and purchase accounting adjustments | 8 | 7 | (2) |
| EBITDA / Income from discontinued operations, net of tax ⁽³⁾ | (572) | (121) | N/A |
| Noncontrolling interest of discontinued operations ⁽¹⁾⁽³⁾ | 243 | 6 | N/A |
| U.S. tax reform impact on tax expense | N/A | N/A | 49 |
| Release of significant income tax valuation allowances (a) | N/A | N/A | (95) |
| Gain on disposition of businesses/assets | - | (8) | - |
| Loss on early extinguishment of debt | 3 | 1 | (1) |
| Expenses associated with merger | 1 | 6 | - |
| Certain legal and other settlements and related expenses | 8 | 1 | (1) |
| Amortization of pension and postretirement actuarial losses | 35 | 36 | (8) |
| Restructuring, impairment and plant closing and transition costs | 4 | 12 | (1) |
| Adjusted⁽¹⁾ | \$ 820 | \$ 559 | \$ (116) |

Adjusted income tax expense⁽¹⁾

Net income attributable to noncontrolling interests, net of tax

Noncontrolling interest of discontinued operations⁽¹⁾⁽³⁾

Adjusted pre-tax income⁽¹⁾

Adjusted effective tax rate⁽⁴⁾

Effective tax rate

- (a) During the six months ended June 30, 2018, we released \$95 million of valuation allowances in Switzerland and the U.K. We eliminated the effect of this significant change in tax valuation allowances from our presentation of adjusted net income to allow investors to better compare our ongoing financial performance from period to period. We do not adjust for insignificant changes in tax valuation allowances because we do not believe this provides more meaningful information than is provided under GAAP.

See end of press release for footnote explanations

Table 5 – Selected Balance Sheet Items

| In millions | June 30, 2018 | March 31, 2018 | December 31, 2017 |
|------------------------------------|------------------|-------------------|----------------------|
| Cash | \$ 409 | \$ 453 | \$ 481 |
| Accounts and notes receivable, net | 1,377 | 1,407 | 1,283 |
| Inventories | 1,178 | 1,203 | 1,073 |
| Other current assets | 251 | 262 | 262 |
| Current assets held for sale | 3,158 | 3,060 | 2,880 |
| Property, plant and equipment, net | 3,014 | 3,117 | 3,098 |
| Other noncurrent assets | 1,667 | 1,201 | 1,167 |

| | | | |
|-------------------------------------|------------------|------------------|------------------|
| Total assets | <u>\$ 11,054</u> | <u>\$ 10,703</u> | <u>\$ 10,244</u> |
| Accounts payable | \$ 993 | \$ 993 | \$ 964 |
| Other current liabilities | 469 | 533 | 569 |
| Current portion of debt | 255 | 36 | 40 |
| Current liabilities held for sale | 1,578 | 1,721 | 1,692 |
| Long-term debt | 2,311 | 2,298 | 2,258 |
| Other noncurrent liabilities | 1,378 | 1,353 | 1,350 |
| Total equity | <u>4,070</u> | <u>3,769</u> | <u>3,371</u> |
| Total liabilities and equity | <u>\$ 11,054</u> | <u>\$ 10,703</u> | <u>\$ 10,244</u> |

Table 6 – Outstanding Debt

| In millions | <u>June 30, 2018</u> | <u>March 31, 2018</u> | <u>December 31, 2017</u> |
|---|--------------------------|---------------------------|------------------------------|
| Debt: | | | |
| Credit facility | \$ 225 | \$ - | \$ - |
| Accounts receivable programs | 268 | 184 | 180 |
| Senior notes | 1,906 | 1,964 | 1,927 |
| Variable interest entities | 97 | 105 | 107 |
| Other debt | <u>70</u> | <u>81</u> | <u>84</u> |
| Total debt - excluding affiliates | <u>2,566</u> | <u>2,334</u> | <u>2,298</u> |
| Total cash | <u>409</u> | <u>453</u> | <u>481</u> |
| Net debt - excluding affiliates⁽⁵⁾ | <u>\$ 2,157</u> | <u>\$ 1,881</u> | <u>\$ 1,817</u> |
| LTM Adjusted EBITDA ⁽¹⁾ | \$ 1,520 | \$ 1,404 | \$ 1,259 |
| LTM Net income | 950 | 834 | 636 |
| Net debt - excluding affiliates / LTM Adjusted EBITDA⁽¹⁾⁽⁵⁾ | 1.4x | 1.3x | 1.4x |
| Total debt - excluding affiliates / LTM Net income | 2.7x | 2.8x | 3.6x |

Table 7 – Summarized Statement of Cash Flows

| In millions | <u>Three months ended</u> | | <u>Six months ended</u> |
|-------------|---------------------------|-----------------|-------------------------|
| | <u>June 30,</u> | <u>June 30,</u> | <u>June 30,</u> |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> |

| | | | |
|--|---------------|---------------|---------------|
| Total cash at beginning of period^(a) | \$ 676 | \$ 469 | \$ 719 |
| Net cash provided by operating activities - continuing operations | 228 | 207 | 339 |
| Net cash provided by operating activities - discontinued operations ⁽³⁾ | 249 | 94 | 301 |
| Net cash used in investing activities - continuing operations | (411) | (48) | (480) |
| Net cash (used in) provided by investing activities - discontinued operations ⁽³⁾ | (94) | (12) | (161) |
| Net cash provided by (used in) financing activities | 150 | (193) | 64 |
| Effect of exchange rate changes on cash | (35) | 3 | (19) |
| Total cash at end of period^(a) | \$ 763 | \$ 520 | \$ 763 |

Supplemental cash flow information - continuing operations:

| | | | |
|--|---------|---------|----------|
| Cash paid for interest | \$ (47) | \$ (56) | \$ (59) |
| Cash (paid) received for income taxes | (51) | 65 | (77) |
| Cash paid for capital expenditures | (54) | (50) | (109) |
| Depreciation and amortization | 83 | 79 | 165 |
| | - | | |
| Changes in primary working capital: | | | |
| Accounts and notes receivable | 10 | (65) | (94) |
| Inventories | (2) | (28) | (107) |
| Accounts payable | 14 | (4) | 50 |
| | | | |
| Total cash received from (used in) primary working capital | \$ 22 | \$ (97) | \$ (151) |

| | Three months ended | | Six months |
|---|---------------------------|---------------|-------------------|
| | June 30, | | June |
| | 2018 | 2017 | 2018 |
| Free cash flow⁽²⁾: | | | |
| Net cash provided by operating activities | \$ 228 | \$ 207 | \$ 339 |
| Capital expenditures | (54) | (50) | (109) |
| All other investing activities, excluding acquisition and disposition activities ^(b) | (1) | (3) | (1) |
| Non-recurring merger costs ^(c) | 1 | - | 1 |
| | | | |
| Total free cash flow | \$ 174 | \$ 154 | \$ 230 |

| | | | |
|--------------------------------|--------|--------|--------|
| Adjusted EBITDA | \$ 415 | \$ 299 | \$ 820 |
| Capital expenditures | (54) | (50) | (109) |
| Capital reimbursements | 1 | - | 2 |
| Interest | (47) | (56) | (59) |
| Income taxes | (51) | 65 | (77) |
| Primary working capital change | 22 | (97) | (151) |
| Restructuring | (6) | (10) | (6) |
| Pensions | (28) | (22) | (59) |
| Maintenance & other | (78) | 25 | (131) |

Total free cash flow⁽²⁾

| | | | | | |
|----|-----|----|-----|----|-----|
| \$ | 174 | \$ | 154 | \$ | 230 |
|----|-----|----|-----|----|-----|

- (a) Includes restricted cash and cash held in discontinued operations.
- (b) Represents "Acquisition of business, net of cash acquired", "Cash received from purchase price adjustment for business acquired", and "Proceeds from sale of business/assets".

Footnotes

- (1) We use adjusted EBITDA to measure the operating performance of our business and for planning and evaluating the performance of our business segments. We provide adjusted net income because we feel it provides meaningful insight for the investment community into the performance of our business. We believe that net income (loss) is the performance measure calculated and presented in accordance with generally accepted accounting principles in the U.S. ("GAAP") that is most directly comparable to adjusted EBITDA and adjusted net income (loss). Additional information with respect to our use of each of these financial measures follows:

Adjusted EBITDA, adjusted net income (loss) and adjusted diluted income (loss) per share, as used herein, are not necessarily comparable to other similarly titled measures of other companies.

Adjusted EBITDA is computed by eliminating the following from net income (loss): (a) net income attributable to noncontrolling interests, net of tax; (b) interest; (c) income taxes; (d) depreciation and amortization (e) amortization of pension and postretirement actuarial losses (gains); (f) restructuring, impairment and plant closing costs (credits); and further adjusted for certain other items set forth in reconciliation of adjusted EBITDA to net income (loss) in Table 4 above.

Adjusted net income (loss) and adjusted diluted income (loss) per share are computed by eliminating the after tax impact of the following items from net income (loss): (a) net income attributable to noncontrolling interest; (b) amortization of pension and postretirement actuarial losses (gains); (c) restructuring, impairment and plant closing costs (credits); and further adjusted for certain other items set forth in reconciliation of adjusted EBITDA to net income (loss) in Table 4 above. The income tax impacts, if any, of each adjusting item represent a ratable allocation of the total difference between the unadjusted tax expense and the total adjusted tax expense, computed without consideration of any adjusting items using a with and without approach.

We do not provide reconciliations for adjusted EBITDA, adjusted net income (loss) or adjusted diluted income (loss) per share on a forward-looking basis because we are unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and amount of certain items, such as, but not limited to, (a) business acquisition and integration expenses and purchase accounting adjustments, (b) merger costs, and (c) certain legal and other settlements and related costs. Each of such adjustments has not yet occurred, are out of our control and/or cannot be reasonably predicted. For the same reasons, we are unable to address the probable significance of the unavailable information.

- (2) Management internally uses a free cash flow measure: (a) to evaluate the Company's liquidity, (b) to evaluate strategic investments, (c) to plan stock buy back and dividend levels and (d) to evaluate the Company's ability to incur and service debt. Free cash flow is not a defined term under U.S. GAAP, and it should not be inferred that the entire free cash flow amount is available for discretionary expenditures. The Company defines free cash flow as cash flow provided by operating activities less cash flow used in investing activities, excluding acquisition/disposition activities and non-recurring separation costs. Free cash flow is typically derived directly from the Company's condensed consolidated statement of cash flows; however, it may be adjusted for items that affect comparability between periods.
- (3) During the third quarter of 2017 we separated our Pigments and Additives division through an Initial Public Offering of Venator Materials PLC; Additionally, during the first quarter 2010 we closed our Australian styrenics operations. Results from these associated businesses are treated as discontinued operations.
- (4) We believe adjusted effective tax rate provides improved comparability between periods through the exclusion of certain items that management believes are not indicative of the businesses' operational profitability and that may obscure underlying business results and trends. In our view, effective tax rate is the performance measure calculated and presented in accordance with U.S. GAAP that is most directly comparable to adjusted effective tax rate.

The reconciliation of historical adjusted effective tax rate and effective tax rate is set forth in Table 4 above. We do not provide reconciliations for adjusted effective tax rate on a forward-looking basis because we are unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and amount of certain items, such as, but not limited to, (a) business acquisition and integration expenses, (b) merger costs, and (c) certain legal and other settlements and related costs. Each of such adjustments has not yet occurred, are out of our control and/or cannot be reasonably predicted. For the same reasons, we are unable to address the probable significance of the unavailable information.

- (5) Net debt is a measure we use to monitor how much debt we have after taking into account our total cash. We use it as an indicator of our overall financial position, and calculate it by taking our total debt, including the current portion, and subtracting total cash.

About Huntsman:

Huntsman Corporation is a publicly traded global manufacturer and marketer of differentiated and specialty chemicals with 2017 revenues more than \$8 billion. Our chemical products number in the thousands and are sold worldwide to manufacturers serving a broad and diverse range of consumer and industrial end markets. We operate more than 75 manufacturing, R&D and operations facilities in approximately 30 countries and employ approximately 10,000 associates within our four distinct business divisions. For more information about Huntsman, please visit the company's website at www.huntsman.com.

Social Media:

Twitter: www.twitter.com/Huntsman_Corp

Facebook: www.facebook.com/huntsmancorp

LinkedIn: www.linkedin.com/company/huntsman

Forward-Looking Statements:

Certain information in this release constitutes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based on management's current beliefs and expectations. The forward-looking statements in this release are subject to uncertainty and changes in circumstances and involve risks and uncertainties that may affect the company's operations, markets, products, services, prices and other factors as discussed under the caption "Risk Factors" in the Huntsman companies' filings with the U.S. Securities and Exchange Commission. Significant risks and uncertainties may relate to, but are not limited to, volatile global economic conditions, cyclical and volatile product markets, disruptions in production at manufacturing facilities, reorganization or restructuring of Huntsman's operations, including any delay of, or other negative developments affecting the ability to implement cost reductions and manufacturing optimization improvements in Huntsman businesses and realize anticipated cost savings, and other financial, economic, competitive, environmental, political, legal, regulatory and technological factors. The company assumes no obligation to provide revisions to any forward-looking statements should circumstances change, except as otherwise required by applicable laws.

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